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NEWS RELEASE

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FINAL RULE UPDATES, STREAMLINES MERGER FILING PROCESS

The Federal Energy Regulatory Commission today adopted a final rule that will lessen the regulatory burden on public utility companies seeking to merge with other companies, while continuing to safeguard the public interest.

Recognizing that dramatic changes in the electric utility industry were giving rise to increased public utility mergers in addition to more innovative utility combinations, the Commission has taken steps to update and clarify the procedures and policies concerning public utility mergers.

In 1996, the Commission revised its policies for ensuring that mergers are consistent with the public interest, in order to facilitate the merger process. Since that time, the Commission has acted on more than 50 corporate applications, including 30 merger applications.

Chairman James J. Hoecker said: "Corporate consolidation in the electric industry continues at an unprecedented level. That activity is one of several major ways in which the electricity industry is being reconfigured fundamentally. The redrawing of a utility's boundary through merger cannot be addressed separately from the potential for large, open, and transparent bulk power markets. Through rules like the one we adopt today, this commission will continue its work to ensure that change does not occur at the expense of competition."

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Designed to facilitate the review process, today's rule:

- revises its filing requirements to reflect existing merger policy based on the Commission's 1996 Merger Policy Guidelines;
- provides more detail for the industry in developing competitive market analyses. The rule continues the existing screening process for mergers with potential horizontal competitive concerns. In addition, the rule establishes informational requirements for vertical competitive analyses.
- streamlines filing requirements for transactions that do not raise competitive concerns; and,
- reduces the industry's regulatory burden by eliminating outdated filing requirements.

Explaining that adequate regulatory safeguards exist under its merger policy, the Commission rejected requests for a moratorium on mergers.

Today's rule takes effect 60 days after its publication in the Federal Register.

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